

# Plan Options and Comparisons

## Amount of Group Experience in Rating Calculation

Rating Year	7/1/2000	7/1/2001	7/1/2002	7/1/2003	7/1/2004	7/1/2005	7/1/2006	7/1/2007
Experience Periods used for Exp Mod Determination	1998 1997 1996 1995	1999 1998 1997 1996	2000 1999 1998 1997	2001 2000 1999 1998	2002 2001 2000 1999	2003 2002 2001 2000	2004 2003 2002 2001	2005 2004 2003 2002
Years as a group	1	2	3	4	5	6	7	8
% of Experience as Group Reflected in the Exp Mod	0.0%	0.0%	12.5%	37.5%	62.5%	87.5%	100.0%	100.0%
Months of Experience Reflected in the Group Mod	0	0	6	18	30	42	48	48

### Observations:

- Group plans and large employers should be identical in that their actual experience is reflected in the rate level, but that can only be achieved when risk composition remains stable over time.
- If group composition changes frequently, there is not a true reflection of the risk management and safety efforts of the group in the experience rating calculation because the time frame extends over many years.